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**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND  
LIMITED REVIEW REPORT**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

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**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**For The Three Months Period Ended 31 March 2022**

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Buruj Cooperative Insurance Company** (the "Company") as at 31 March 2022, the related interim condensed statements of income and comprehensive income and changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that are endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

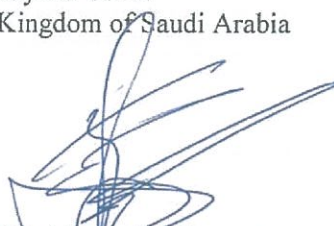
**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2022 are not prepared, in all material respects, in accordance with IAS 34 that are endorsed in the Kingdom of Saudi Arabia.

**For Al-Bassam & Co.**  
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**Ibrahim A. Al-Bassam**  
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29 May 2022  
28 Shawwal 1443

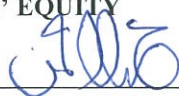
**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

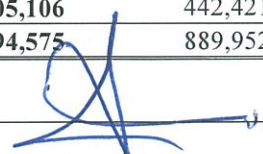
		<b>31 March 2022 (Unaudited) SAR</b>	<b>31 December 2021 (Audited) SAR</b>
	<b>Notes</b>		
<b>ASSETS</b>			
Cash and cash equivalents	4	146,496,338	237,886,895
Time deposits	5	392,743,432	333,742,623
Premiums and reinsurers' receivable, net	6	61,385,326	39,887,814
Reinsurers' share of unearned premiums	10(b)	9,712,009	12,536,185
Reinsurers' share of outstanding claims	10(a)	10,167,823	10,362,152
Reinsurers' share of claims incurred but not reported	10(a)	4,387,914	4,587,389
Deferred policy acquisition costs	10(d)	10,877,898	8,640,690
Investments	7	212,442,714	156,680,148
Prepaid expenses and other assets		58,666,443	42,846,385
Right-of-use assets	11	2,199,185	5,701,429
Property, equipment and intangible assets, net		4,590,437	4,129,551
Investment in associate	8	742,990	597,960
Statutory deposit		30,000,000	30,000,000
Statutory deposit investment returns	15	2,582,066	2,353,079
<b>TOTAL ASSETS</b>		<b>946,994,575</b>	<b>889,952,300</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables		36,565,120	39,815,353
Reinsurers' balances payable		10,694,317	10,408,950
Accrued expenses and other liabilities		33,641,032	23,470,413
Lease liabilities	11	2,177,847	5,196,480
Unearned premiums	10(b)	238,998,712	181,232,083
Unearned reinsurance commission	10(c)	1,775,839	1,758,780
Outstanding claims	10(a)	92,341,253	83,717,517
Claims incurred but not reported	10(a)	33,317,416	27,395,774
Premium deficiency reserve	10(a)	36,512,108	26,312,790
Other technical reserves	10(a)	6,756,077	5,470,428
End-of-service benefits		11,834,727	12,311,821
Zakat payable	12	35,519,237	32,841,217
Statutory deposit investment returns	15	2,582,066	2,353,079
<b>TOTAL LIABILITIES</b>		<b>542,715,751</b>	<b>452,284,685</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		-	-
Fair value reserve on available for sale investments		(3,056,944)	(3,705,910)
Foreign currency translation adjustments		-	21,649
Accumulated actuarial loss on end-of-service benefits		(1,069,338)	(1,069,338)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>		<b>538,589,469</b>	<b>447,531,086</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	300,000,000	300,000,000
Statutory reserve		51,584,068	51,584,068
Retained earnings		48,751,972	83,268,715
Foreign currency translation adjustments		20,923	159,784
Fair value reserve on available for sale investments		8,048,143	7,408,647
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>408,405,106</b>	<b>442,421,214</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>946,994,575</b>	<b>889,952,300</b>



Board Member



General Manager



Finance Manager

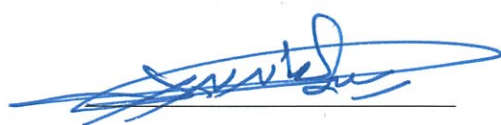
The accompanying notes 1 to 21 form part of these interim condensed financial statements.



**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**

		<b>For the three months period ended</b>	
		<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Notes</b>	<b>SAR</b>	<b>SAR</b>
<b><u>REVENUES</u></b>			
Gross written premiums	10(b)	145,179,289	35,806,127
Reinsurance premiums ceded		(4,977,915)	(2,762,547)
Excess of loss premiums		(1,872,237)	(2,314,469)
<b>Net premiums written</b>		<b>138,329,137</b>	<b>30,729,111</b>
Changes in unearned premiums, net		(60,590,805)	7,310,542
<b>Net premiums earned</b>	10(b)	<b>77,738,332</b>	<b>38,039,653</b>
Reinsurance commissions	10(c)	1,241,293	1,843,842
Policy fees and other underwriting income		1,576,576	415,628
<b>TOTAL REVENUES</b>		<b>80,556,201</b>	<b>40,299,123</b>
<b><u>UNDERWRITING COSTS</u></b>			
Gross claims paid		(59,980,727)	(37,196,462)
Reinsurers' share of claims paid		1,400,950	3,899,747
<b>Net claims paid</b>		<b>(58,579,777)</b>	<b>(33,296,715)</b>
Changes in outstanding claims, net		(8,818,065)	3,151,116
Changes in claims incurred but not reported, net		(6,121,117)	1,918,430
<b>Net claims incurred</b>		<b>(73,518,959)</b>	<b>(28,227,169)</b>
Changes in premium deficiency reserves		(10,199,318)	(1,372,134)
Changes in other technical reserves		(1,285,649)	328,800
Policy acquisition costs	10(d)	(4,489,844)	(2,407,715)
Inspection and supervision fees		(2,353,181)	(249,931)
Other underwriting expenses		(8,771,734)	(3,991,263)
<b>TOTAL UNDERWRITING COSTS</b>		<b>(100,618,685)</b>	<b>(35,919,412)</b>
<b>NET UNDERWRITING SURPLUS/(DEFICIT)</b>		<b>(20,062,484)</b>	<b>4,379,711</b>
<b><u>OTHER OPERATING (EXPENSES)/INCOME</u></b>			
(Addition)/ Reversal of doubtful debts provision	6	(1,533,784)	1,414,392
General and administrative expenses		(15,879,014)	(16,107,612)
Commission income on time deposits and investments		5,492,612	2,133,957
Dividend income		-	1,846,996
Realized gain on investments		-	1,782,003
Impairment of available for sale investments		-	(1,218,783)
Share of profit from associate	8	145,030	(89,161)
Other income (expense)		(1,083)	12,431
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>		<b>(11,776,239)</b>	<b>(10,225,777)</b>
<b>Total loss before surplus attribution and zakat</b>		<b>(31,838,723)</b>	<b>(5,846,066)</b>
Surplus attributable to the insurance operations		-	-
<b>Loss attributed to the shareholders before zakat</b>		<b>(31,838,723)</b>	<b>(5,846,066)</b>
Zakat charge	12	(2,678,019)	(2,564,535)
<b>Net (loss) attributed to the shareholders after zakat</b>		<b>(34,516,742)</b>	<b>(8,410,601)</b>
<b>Loss per share – Basic and diluted</b>	16	<b>(1.15)</b>	<b>(0.28)</b>



Board Member



General Manager



Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	<b>For the three months period ended</b>	
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>SAR</b>	<b>SAR</b>
<b>Total loss for the period</b>	<b>(34,516,743)</b>	<b>(8,410,601)</b>
<b>Other comprehensive income/income</b>		
<i>Items that will be reclassified to statements of income in subsequent periods</i>		
Available for sale investments:		
- Net realized gain transferred to statement of income	-	(1,782,003)
- Net change in fair value	1,288,462	7,193,199
Change in Foreign currency translation	(160,510)	16,238
	<b>1,127,952</b>	<b>5,427,434</b>
<b><u>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</u></b>	<b>(33,388,791)</b>	<b>(2,983,167)</b>
<b>Total comprehensive (loss)/income attributed to the insurance operations</b>	<b>627,317</b>	<b>1,300,031</b>
<b>Total comprehensive (loss) for the period attributable to the shareholders</b>	<b>(34,016,108)</b>	<b>(4,283,198)</b>



Board Member



General Manager



Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.




**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	Share Capital SAR	Statutory Reserve SAR	Retained earnings SAR	Foreign currency translation adjustments SAR	Fair value reserve on available for sale investments SAR	Total SAR
<b>2022</b>						
<b>Balance as at 1 January 2022</b>	<b>300,000,000</b>	<b>51,584,068</b>	<b>83,268,715</b>	<b>159,784</b>	<b>7,408,647</b>	<b>442,421,214</b>
Net loss for the period attributable to shareholders	-	-	(34,516,743)	-	-	(34,516,743)
Foreign currency translation adjustments	-	-	-	(138,861)	-	(138,861)
Changes in fair value of available for sale investments	-	-	-	-	639,496	639,496
<b>Total comprehensive income attributable to shareholders</b>	<b>-</b>	<b>-</b>	<b>(34,516,743)</b>	<b>(138,861)</b>	<b>639,496</b>	<b>(34,016,108)</b>
<b>Transfer to statutory reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2022</b>	<b>300,000,000</b>	<b>51,584,068</b>	<b>48,751,972</b>	<b>20,923</b>	<b>8,048,143</b>	<b>408,405,106</b>

	Share Capital SAR	Statutory Reserve SAR	Retained earnings SAR	Foreign currency translation adjustments SAR	Fair value reserve on available for sale investments SAR	Total SAR
<b>2021</b>						
<b>Balance as at 1 January 2021</b>	<b>300,000,000</b>	<b>50,721,307</b>	<b>79,817,669</b>	<b>208,729</b>	<b>13,771,122</b>	<b>444,518,827</b>
Net income attributable to shareholders after zakat	-	-	4,313,807	-	-	4,313,807
Foreign currency translation adjustments	-	-	-	(48,945)	-	(48,945)
Changes in fair value of available for sale investments	-	-	-	-	(6,362,475)	(6,362,475)
<b>Total comprehensive loss attributable to shareholders</b>	<b>-</b>	<b>-</b>	<b>4,313,807</b>	<b>(48,945)</b>	<b>(6,362,475)</b>	<b>(2,097,613)</b>
<b>Transfer to statutory reserve</b>	<b>-</b>	<b>862,761</b>	<b>(862,761)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2021</b>	<b>300,000,000</b>	<b>51,584,068</b>	<b>83,268,715</b>	<b>159,784</b>	<b>7,408,647</b>	<b>442,421,214</b>

 Board Member	 General Manager	 Finance Manager
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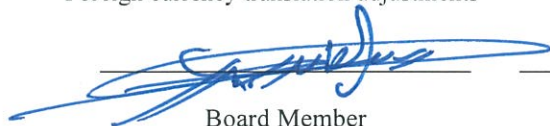
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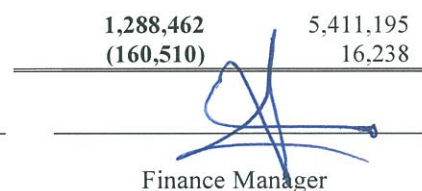
**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

		<b>For the three months period ended</b>	
		<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Notes</b>	<b>SAR</b>	<b>SAR</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total (loss) before zakat		(31,838,723)	(5,846,066)
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment		404,701	369,747
Loss on disposal of property and equipment		1,083	474
Doubtful debts provision	6	1,533,784	(1,414,392)
Depreciation of right-of-use assets		365,190	416,376
Interest expense on lease liability		14,679	15,313
Share of loss of associate	8	(145,030)	89,161
Provision for end-of-service indemnities		298,896	(77,931)
Realized gain from investments		-	(1,782,003)
Loss on disposal Right use of assets		3,137,054	-
Impairment of available for sale investments		-	1,218,783
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable		(23,031,297)	(11,944,997)
Reinsurers' share of unearned premiums		2,824,176	3,538,167
Reinsurers' share of outstanding claims		194,329	1,986,412
Reinsurers' share of claims incurred but not reported		199,475	841,552
Deferred policy acquisition costs		(2,237,208)	(670,720)
Deferred excess of loss premiums		(5,616,711)	(4,919,406)
Prepaid expenses and other assets		(10,203,347)	(7,731,123)
Policyholders and accounts payables		(3,250,233)	4,394,859
Reinsurers' balances payable		285,367	(5,260,474)
Accrued expenses and other liabilities		10,170,619	12,002,655
Unearned premiums		57,766,629	(10,848,709)
Unearned reinsurance commission		17,059	(170,396)
Outstanding claims		8,623,736	(5,137,528)
Claims incurred but not reported		5,921,642	(2,759,982)
Premium deficiency reserves		10,199,318	1,372,134
Other technical reserves		1,285,649	(328,800)
		26,920,837	(32,646,894)
End-of-service indemnities paid		(775,990)	(2,163,186)
<b>Net cash (used in) from operating activities</b>		<b>26,144,847</b>	<b>(34,810,080)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposals/(additions) in time deposits	5	(59,000,809)	61,693,682
Additions in investments	7(ii)	(58,162,118)	(33,669,732)
Proceeds from available for sale investments	7(ii)	3,527,503	27,172,006
Additions in property, equipment and intangible assets		(879,703)	(83,224)
Proceeds from disposal of property, equipment and intangible assets		13,034	110,186
<b>Net cash generated from investing activities</b>		<b>(114,502,093)</b>	<b>55,222,919</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities		(3,033,312)	(670,142)
<b>Net cash used in financing activities</b>		<b>(3,033,312)</b>	<b>(670,142)</b>
Net change in cash and cash equivalents		(91,390,558)	19,742,696
Cash and cash equivalents, beginning of the period		237,886,895	131,891,933
<b>Cash and cash equivalents, end of the period</b>	4	<b>146,496,337</b>	<b>151,634,630</b>
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments		1,288,462	5,411,195
Foreign currency translation adjustments		(160,510)	16,238

  
Board Member

  
General Manager

  
Finance Manager

The accompanying notes 1 to 21 form part of these interim condensed financial statements.



# BURUJ COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 March 2022

### 1 GENERAL

Buruj Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010280606 dated 10 Safar 1431H, corresponding to 26 January 2010. The registered office address of the Company is P.O. Box 51855, Riyadh 11553, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Tadawul (the Saudi Arabian Stock Market) on 15 February 2010.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree numbered 72/M dated 28 Shawal 1429H (corresponding to 29 October 2008), pursuant to Council of Ministers resolution numbered 313 dated 27 Shawal 1429H (corresponding to 28 October 2008). On 10 Muharram 1431H (corresponding to 27 December 2009), the Ministry of Commerce and Industry issued a resolution declaring the incorporation of the Company.

On 15 Jumada Thani 1431H (corresponding to 29 May 2010), the Saudi Arabian Monetary Authority (“SAMA”) issued a formal approval to transact insurance business.

The Company launched its insurance operations on 1 July 2010 after receipt of an authorisation from SAMA to commence insurance operations as product approval and related formalities were completed.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by SAMA. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

### 2 BASIS OF PREPARATION

#### (a) Basis of presentation

The interim condensed financial statements of the Company for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

The interim condensed financial statements have been prepared under the going concern basis and the historical cost basis except for the measurement at fair value of “available for sale investments”, investment in associate which is accounted for under the equity method and employees end of service benefits at present value.

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 19 have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

31 March 2022

**2 BASIS OF PREPARATION (continued)**

**(a) Basis of presentation (continued)**

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2021.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR).

**(b) Critical accounting judgments, estimates and assumptions**

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Further, the Company has considered the following:

**Impact of covid-19 on the medical technical reserves and financial assets**

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the Kingdom of Saudi Arabia where the Company operates and its consequential disruption to the social and economic activities, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

**BURUJ COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED) (continued)**

31 March 2022

**2 BASIS OF PREPARATION (continued)**

**(b) Critical accounting judgments, estimates and assumptions (continued)**

**Other financial assets**

The Company has performed an assessment in accordance with its accounting policy due to Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets are impaired. These include factors such as, significant financial difficulties of issuer or debtor, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities, the company has performed an assessment to determine whether there is a significant decline in the fair value of available for sale financial assets below their cost. Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects impact with respect to the factors mentioned above on Company's reported results for the quarter ended 31 March 2022. The Company's management continues to monitor the situation closely.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE**

***Significant accounting policies***

The significant accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

***New standards issued but not yet effective***

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

***IFRS 9 Financial Instruments***

IFRS 9, as issued, reflects the first phase of the IASB's work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for annual reporting periods beginning on or after 1 January 2018 with an optional temporary exception to defer the application of IFRS 9 till 1 January 2022 for companies whose activities are predominantly connected with insurance. In line with other insurance companies in the Kingdom of Saudi Arabia, the Company deferred the application of IFRS 9 till 1 January 2023 to match with the adoption of IFRS 17.



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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31 March 2022

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

***IFRS 17 Insurance Contracts***

The IASB issued IFRS 17 in May 2017. IFRS 17 will be mandatorily effective for annual reporting periods beginning on or after 1 January 2023. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The Company is in the process of assessing the impact of IFRS 17.

**4 CASH AND CASH EQUIVALENTS**

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Insurance operations SAR</b>	<b>Shareholders' operations SAR</b>	<b>Insurance operations SAR</b>	<b>Shareholders' operations SAR</b>
Bank balances and cash	<b>128,372,027</b>	<b>17,182,467</b>	170,713,065	66,232,040
Deposits maturing within 3 months from the acquisition date	<b>941,844</b>	<b>-</b>	941,790	-
	<b>129,313,871</b>	<b>17,182,467</b>	171,654,855	66,232,040

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission income at an average rate of 1.7% per annum (2021: 1.7% per annum).

Both bank balances and deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

The carrying amounts disclosed above reasonably approximate their fair values at the reporting date.

**5 TIME DEPOSITS**

Time deposits are placed with local banks and financial institutions with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 4.05% per annum (2021: 4.09% per annum).

The carrying amounts of the time deposits reasonably approximate their fair values at the reporting date.

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31 March 2022

**6 PREMIUMS AND REINSURERS' RECEIVABLE, NET**

(a) Premiums and reinsurers' receivables comprised of the following:

	<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Premiums receivable	<b>65,710,911</b>	48,151,240
<i>Less:</i> Allowance for doubtful debts	<b>(12,704,960)</b>	(11,184,720)
	<b>53,005,951</b>	36,966,520
Reinsurers' receivable	<b>11,706,192</b>	6,234,566
<i>Less:</i> Allowance for doubtful debts	<b>(3,326,817)</b>	(3,313,272)
	<b>8,379,375</b>	2,921,294
Total premiums and reinsurers' receivable, net	<b>61,385,326</b>	39,887,814

(b) The movement in allowance for doubtful policyholders' and reinsurance balances for the period/year is set out below:

	<b>Policyholders</b> <b>SAR</b>	<b>Reinsurers'</b> <b>SAR</b>	<b>Total</b> <b>SAR</b>
<b>31 March 2022 (Unaudited)</b>			
	<b>11,184,720</b>	<b>3,313,272</b>	<b>14,497,992</b>
Opening balance			
Charge for the period	<b>1,520,240</b>	<b>13,545</b>	<b>1,533,785</b>
Closing balance	<b>12,704,960</b>	<b>3,326,817</b>	<b>16,031,777</b>
<b>31 December 2021 (Audited)</b>			
	<b>Policyholders</b> <b>SAR</b>	<b>Reinsurers'</b> <b>SAR</b>	<b>Total</b> <b>SAR</b>
Opening balance	14,059,921	1,044,231	15,104,152
Reversal for the year	(2,875,201)	2,269,041	(606,160)
Closing balance	11,184,720	3,313,272	14,497,992

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**(UNAUDITED) (continued)**

31 March 2022

**7 INVESTMENTS**

(i) Investments are classified as follows:

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Available for sale "AFS"	<b>59,693,555</b>	<b>147,749,159</b>	25,044,590	126,635,558
Held to maturity "HTM"	-	<b>5,000,000</b>	-	5,000,000
Total	<b>59,693,555</b>	<b>152,749,159</b>	<b>25,044,590</b>	<b>131,635,558</b>

(a) Available for sale investments ("AFS") comprises the following:

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Quoted local equity securities	-	<b>15,292,397</b>	-	<b>12,702,270</b>
Units in local investment funds - (NAV)*	<b>59,693,555</b>	<b>60,132,014</b>	<b>25,044,590</b>	<b>40,783,222</b>
Quoted fixed income securities	-	<b>70,401,670</b>	-	<b>71,226,988</b>
Units in quoted local real estate funds	-	-	-	-
Unquoted local equity investment **	-	<b>1,923,078</b>	-	<b>1,923,078</b>
Total available for sale investments	<b>59,693,555</b>	<b>147,749,159</b>	<b>25,044,590</b>	<b>126,635,558</b>

\* NAV: Net Asset Value as announced by asset manager.

\*\* This represents the share in Najm for Insurance Services Company.

(b) Held to maturity ("HTM") comprises of domestic unquoted floating rate securities as follows:

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Sukuk "Almarai" – September 2022	-	<b>5,000,000</b>	-	<b>5,000,000</b>
Total held to maturity investments	-	<b>5,000,000</b>	-	<b>5,000,000</b>

The fair value of the "HTM" investments as at 31 March 2022 was not different from its carrying value. There were no movement in held to maturity investments during the period.



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**(UNAUDITED) (continued)**

31 March 2022

**7 INVESTMENTS (continued)**

(ii) The movement during the period/year in the investments is as follows:

	<b>31 March 2022 (Unaudited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>
Opening balance	25,044,590	131,635,558	52,732,939	199,708,514
Purchases	34,021,648	24,140,470	62,793,195	7,511,929
Disposals	-	(3,527,503)	(97,909,152)	(78,006,493)
Impairment	-	-	-	(1,218,783)
	<b>59,066,238</b>	<b>152,248,525</b>	<b>17,616,982</b>	<b>127,995,167</b>
Changes in fair value of investments	648,966	500,635	7,405,959	3,689,336
Foreign currency translation adjustments	(21,649)	-	21,649	(48,945)
Closing balance	<b>59,693,555</b>	<b>152,749,160</b>	<b>25,044,590</b>	<b>131,635,558</b>

**8 INVESTMENT IN ASSOCIATE**

The Company's interest in associate, which is unquoted, is as follows along with summarized financial information:

**Gulf Warranties Insurance Services (Limited liability Company)**

<b>As of</b>	<b>Country of Incorporation</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Loss</b>	<b>% Interest</b>
		<b>SAR</b>				
<b>December 31, 2021</b>	<b>Saudi Arabia</b>	<b>4,045,336</b>	<b>2,529,067</b>	<b>2,286,562</b>	<b>(256,553)</b>	<b>40%</b>
December 31, 2020	Saudi Arabia	5,643,624	3,870,711	1,480,631	(318,836)*	40%

Based on latest management accounts for the period ended 31 December 2021.

On 26 January 2020 an agreement was signed in which 60% ownership owned by Gulf Warranties – Bahrain was sold to Gulf Insurance Group K.S.C – Kuwait. The change in ownership previously obtained non-objection from the Saudi Arabian Monetary Authority ("SAMA") on 14 November 2019.

\* On 6 February 2020, the Company and Gulf Insurance Group K.S.C issued a partner's resolution to bear proportionally each by its percentage of ownership the amount of SAR 1,134,163 of the associate's general and administrative expenses for the year 2019 before issuing the associate's year-end financial statements for 2019, and thus the Company absorbed the amount of SAR 453,666 as 'other expenses' presented in the interim condensed statement of income for shareholders' operations.

\* On 28 December 2020, the Company and Gulf Insurance Group K.S.C issued a partner's resolution to bear proportionally each by its percentage of ownership the amount of SAR 500,000 of the associate's general and administrative expenses for the year 2020 before issuing the associate's year-end financial statements for 2020, and thus the Company absorbed the amount of SAR 200,000 as 'other expenses' presented in year-end condensed statement of income for shareholders' operations.

	<b>31 March 2022 (Unaudited) SAR</b>	<b>31 December 2021 (Audited) SAR</b>
Opening balance	597,960	700,618
Share of profit/(loss)	145,030	(102,658)
Closing balance	<b>742,990</b>	<b>597,960</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

31 March 2022

**9 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the assets or liability, or
- in the absences of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

**Determination of fair value and fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 - quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2 – quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 - valuation techniques for which any significant input is not based on observable market data.

<b>31 March 2022 (Unaudited)</b>	<b>Level 1 SAR</b>	<b>Level 2 SAR</b>	<b>Level 3 SAR</b>	<b>Total SAR</b>
<b>Available for sale</b>				
- Equities	15,292,397	-	1,923,078	17,215,475
- Fixed income securities	70,401,670	-	-	70,401,670
- Investment and real estate funds		119,825,569	-	119,825,569
<b>Held to maturity</b>	-	-	5,000,000	5,000,000
	<b>85,694,067</b>	<b>119,825,569</b>	<b>6,923,078</b>	<b>212,442,714</b>

**31 December 2021 (Audited)**

<b>Available for sale</b>				
- Equities	12,702,270	-	1,923,078	14,625,348
- Fixed income securities	71,226,988	-	-	71,226,988
- Investment and real estate funds	-	65,827,812	-	65,827,812
<b>Held to maturity</b>	-	-	5,000,000	5,000,000
	<b>83,929,258</b>	<b>65,827,812</b>	<b>6,923,078</b>	<b>156,680,148</b>

**Transfers between levels**

During the three month period ended 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

There was no recurring fair value measurements categorised within Level 3 of the fair value hierarchy as set out in the table above.

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**(UNAUDITED)** (continued)

31 March 2022

**10 TECHNICAL RESERVES**

**(a) NET OUTSTANDING CLAIMS AND RESERVES**

	<b>31 March 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Gross outstanding claims	<b>92,341,253</b>	83,717,517
Less: Realizable value of salvage and subrogation	-	-
	<b>92,341,253</b>	83,717,517
Claims incurred but not reported	<b>33,317,416</b>	27,395,774
Premium deficiency reserve	<b>36,512,108</b>	26,312,790
Other technical reserves (Unallocated loss adjustment expense and Reinsurance Accrual)	<b>6,756,077</b>	5,470,428
	<b>168,926,854</b>	142,896,509
Less:		
Reinsurers' share of outstanding claims	<b>(10,167,823)</b>	(10,362,152)
Reinsurers' share of claims incurred but not reported	<b>(4,387,914)</b>	(4,587,389)
	<b>(14,555,737)</b>	(14,949,541)
<b>Net outstanding claims and other reserves</b>	<b>154,371,117</b>	127,946,968

**(b) MOVEMENT IN UNEARNED PREMIUMS**

	<b>31 March 2022 (Unaudited)</b>			<b>31 December 2021 (Audited)</b>		
	<b>Gross SAR</b>	<b>Reinsurance SAR</b>	<b>Net SAR</b>	<b>Gross SAR</b>	<b>Reinsurance SAR</b>	<b>Net SAR</b>
Opening balance	<b>181,232,083</b>	<b>(12,536,185)</b>	<b>168,695,898</b>	91,976,873	(15,250,132)	76,726,741
Premiums written during the period/year	<b>145,179,289</b>	<b>(6,850,152)</b>	<b>138,329,137</b>	290,711,903	(36,999,966)	253,711,937
Premiums earned during the period/year	<b>(87,412,660)</b>	<b>9,674,328</b>	<b>(77,738,332)</b>	(201,456,693)	39,713,913	(161,742,780)
Closing balance	<b>238,998,712</b>	<b>(9,712,009)</b>	<b>229,286,703</b>	181,232,083	(12,536,185)	168,695,898

**(c) UNEARNED REINSURANCE COMMISSION**

	<b>31 March 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
	<b>SAR</b>	<b>SAR</b>
Opening balance	<b>1,758,780</b>	1,606,945
Reinsurance commission received during the period/year	<b>1,258,352</b>	7,663,260
Reinsurance commission earned during the period/year	<b>(1,241,293)</b>	(7,511,425)
Closing balance	<b>1,775,839</b>	1,758,780

**(d) MOVEMENT IN DEFERRED POLICY ACQUISITION COSTS**

	<b>31 March 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
	<b>SAR</b>	<b>SAR</b>
Opening balance	<b>8,640,690</b>	3,733,851
Paid during the period/year	<b>6,727,052</b>	15,972,636
Amortised during the period/year	<b>(4,489,844)</b>	(11,065,797)
Closing balance	<b>10,877,898</b>	8,640,690



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED)** (continued)

31 March 2022

**11 LEASES**

Right-of-use assets depreciation charge and balance are as follows:

	<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
<b>Cost</b>		
Opening balance	<b>9,468,149</b>	7,946,701
Additions	-	2,740,619
Deletions	<b>(6,727,530)</b>	(1,219,171)
Closing balance	<b>2,740,619</b>	9,468,149
<b>Accumulated Depreciation</b>		
Opening balance	<b>3,766,720</b>	3,377,274
Charge	<b>365,190</b>	1,608,617
Disposals	<b>(3,590,476)</b>	(1,219,171)
Closing balance	<b>541,434</b>	3,766,720
<b>Carrying Value</b>	<b>2,199,185</b>	5,701,429

Lease liabilities as at period/year end are as follows:

	<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
Non-current portion of lease liability	<b>1,077,847</b>	2,956,727
Current portion of lease liability	<b>1,100,000</b>	2,239,753
	<b>2,177,847</b>	5,196,480

The total interest expense on lease liabilities recognized during the period ended 31 March 2022 is SAR 14,679 (31 March 2021: SAR 15,313).

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**

31 March 2022

**12 ZAKAT PAYABLE**

The movement in provision during the period/year is set out below:

	<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	<b>31 December 2021</b> <b>(Audited)</b> <b>SAR</b>
At the beginning of the period/year	<b>32,841,217</b>	30,147,838
Provided for the period/year	<b>2,678,020</b>	11,456,333
Paid during the period/year	-	(8,762,954)
At the end of the period/year	<b>35,519,237</b>	32,841,217

**Status of assessments**

The Company has filed zakat returns with the General Authority of Zakat and Tax ("ZATCA") for the years from 2010 to 2020.

On review of the zakat return by ZATCA for the long period ended 31 December 2010, a demand of SAR 2,256,659 was raised by the ZATCA. The Company paid this demand and filed an appeal with ZATCA. During 2014, ZATCA revised its assessment of the zakat return for the long period ended 31 December 2010 after taking into consideration the effect of portfolio transfer and raised an additional demand of SAR 64,738. The Company paid this demand. The final assessment has not yet been carried out by the ZATCA.

On review of the zakat return by the ZATCA for the year 2011, a demand of SAR 2,378,604 has been raised by the ZATCA. The Company paid this demand and filed an appeal with ZATCA. On February 2019 ZATCA revised its assessment of the zakat return to SAR 2,053,604 after taken into consideration the deduction of statutory deposit based on the decision of the Appeal Committee.

On review of the zakat return by the ZATCA for the year 2012, a demand of SAR 1,979,521 has been raised by the ZATCA. The Company paid this demand and filed an appeal with ZATCA. The final assessments have been carried out by the ZATCA, ZATCA rejected the objection and company appealed the cases in front of GSTC (High Tax Committee), the cases are still in discussion with GSTC

On review of the zakat return by the ZATCA for the years 2013 and 2014 a demand of SAR 2,885,577 and SAR 2,885,577 respectively as initial assessments, have been raised by the ZATCA. However, the Company has filed appeals with the ZATCA. As the final assessments for 2013 and 2014 have been issued (in 2020) the 2013/2014 initial assessments have been cancelled automatically.

In 2020 the company received VAT assessments from ZATCA for the FY 2018 and 2019 amounted 3,924,845 VAT plus [1],089,003 VAT delay penalties. Company objected against the assessment and still in procedure. Company paid the VAT assessment and cancelled the penalties as per ZATCA initiatives and continue with the objection. ZATCA rejected the objection and company appealed the cases in front of GSTC (High Tax Committee), the cases are still in discussion with GSTC.

In 2020, 2021 the company received zakat and WHT assessments from ZATCA for the FY 2014 to 2020, Company objected against the assessment and still in procedure. ZATCA rejected the objection and company appealed the cases in front of GSTC (High Tax Committee), the cases are still in discussion with GSTC.

The summary for the appeals in GSTC:

- From 2014 to 2018 zakat and withholding tax appeal
- For year 2012 zakat appeal
- From February to December 2018 VAT appeal
- From January to December 2019 VAT appeal
- From 2019 to 2020 zakat appeal.

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

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### 13 SHARE CAPITAL

The authorized, issued and paid up share capital of the Company was SAR 300 million at 31 March 2022 (31 December 2021: SAR 300 million) consisting of 30 million shares (31 December 2021: 30 million shares) of SAR 10 each.

### 14 CAPITAL MANAGEMENT

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SAR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

Management, through various scenario analyses as required by the regulator, has proactively assessed the potential of the COVID-19 by performing stress testing for various variables like: gross premium growth, employee costs, YTD loss ratio, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratio and solvency ratio. Management has concluded that based on the preliminary stress testing performed the solvency of the Company can be reduced moderately if the current situation persists longer. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

### 15 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company which is maintained with local bank designated by SAMA in accordance with the Cooperative Insurance Companies Control Law for insurance companies. This statutory deposit cannot be withdrawn without the consent of SAMA.

Accrued interest on the statutory deposit amounting to SR 2,582,066 (31 December 2021: SR 2,353,079) has been presented in the statement of financial position.

### 16 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings per share for the period has been calculated by dividing the net (loss)/ income for the period after zakat by the number of issued and outstanding shares (30 million shares) at the period end.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

31 March 2022

**17 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

<i>Related party</i>	<i>Nature of transactions</i>	<u>Transactions for the period ended</u>		<u>Balance as at</u>	
		<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	31 March 2021 (Unaudited) SAR	<b>31 March</b> <b>2022</b> <b>(Unaudited)</b> <b>SAR</b>	31 December 2021 (Audited) SAR
Major Shareholders	Insurance premium written	<b>2,209,667</b>	2,149,039	<b>6,974,020</b>	5,712,102
	Claims paid	<b>(153,898)</b>	(613,279)	-	-
	Reinsurance premium ceded	<b>(148,607)</b>	(81,462)	<b>(3,401,266)</b>	(4,094,797)
Board of Directors and committees' members	Remuneration fees, allowances and other expense	<b>(549,911)</b>	(648,750)	<b>(2,396,607)</b>	(2,091,840)
	Insurance premium written	<b>8,041,809</b>	11,268,955	<b>11,336,899</b>	4,900,875
	Claims paid	<b>1,147,329</b>	(1,317,720)	-	-
	Insurance brokerage contracts	<b>(1,112,336)</b>	(1,426,927)	<b>(1,827,016)</b>	(1,549,720)
Associate	General and administrative expenses paid on behalf of the associate	-	-	<b>510,973</b>	510,973

Balances in respect of the above transactions with related parties are included in the relevant accounts in the interim condensed statements of financial position and statement of income.

**Compensation of key management personnel**

Key management personnel of the Company include three top executives including the General Manager. The summary of compensation of key management personnel for the period is as follows:

	<b>31 March 2022</b> <b>(Unaudited)</b> <b>SAR</b>	31 March 2021 (Unaudited) SAR
Short term benefits	<b>370,750</b>	284,145
End of service benefits	<b>43,100</b>	19,959
	<b>413,850</b>	304,104

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

31 March 2022

**18 INSURANCE OPERATING SEGMENTS**

Consistent with the Company's internal reporting process, operating segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include general and administrative expenses, allowance for doubtful debts, income on term deposits and investments, gain or loss on property, plant and equipment and investments. Accordingly, they are included in unallocated expenses or income.

Segment assets do not include insurance operations' property and equipment, investments, prepayments and other assets, premiums and reinsurance balances receivable, cash and cash equivalents and time deposits. Accordingly they are included in unallocated assets. Segment liabilities do not include insurance operations' due to shareholders operations, employees' end-of-service benefits, and reinsurance and insurance balances payable, accrued expenses and other liabilities and insurance operations' surplus. Accordingly they are included in unallocated liabilities.

<b>For the three month period ended 31 March 2022</b>	<b>Motor SAR</b>	<b>Medical SAR</b>	<b>Property &amp; Casualty SAR</b>	<b>Total SAR</b>
<b><u>Gross Written Premiums</u></b>				
Individuals	78,504,913	79,131	-	78,584,044
Very small enterprises	593,188	29,905,525	238,062	30,736,775
Small enterprises	4,301,398	116,429	1,098,587	5,516,414
Medium sized enterprises	2,542,733	-	1,491,173	4,033,906
Large enterprises	22,426,749	14,252	3,867,149	26,308,150
<b>Total gross written premiums</b>	<b>108,368,981</b>	<b>30,115,337</b>	<b>6,694,971</b>	<b>145,179,289</b>
<b>For the three month period ended 31 March 2021</b>	<b>Motor SAR</b>	<b>Medical SAR</b>	<b>Property &amp; Casualty SAR</b>	<b>Total SAR</b>
<b><u>Gross Written Premiums</u></b>				
Individuals	4,176,397	-	110,086	4,286,483
Very small enterprises	405,333	7,337,500	764,057	8,506,890
Small enterprises	1,778,789	135,845	1,106,604	3,021,238
Medium sized enterprises	1,982,790	440	1,649,679	3,632,909
Large enterprises	14,002,864	4,870	2,350,873	16,358,607
<b>Total gross written premiums</b>	<b>22,346,173</b>	<b>7,478,655</b>	<b>5,981,299</b>	<b>35,806,127</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2022

**18 INSURANCE OPERATING SEGMENTS (continued)**

<b>For the three month period ended 31 March 2022 (Unaudited)</b>	<b>Motor SAR</b>	<b>Medical SAR</b>	<b>Property &amp; Casualty SAR</b>	<b>Total SAR</b>
<b><u>REVENUES</u></b>				
Gross written premiums	108,368,981	30,115,337	6,694,971	145,179,289
Reinsurance premiums ceded				
- Local	-	-	(726,077)	(726,077)
- Foreign – Direct	-	-	(644,326)	(644,326)
- Foreign – Through local reinsurance broker	-	-	(3,607,512)	(3,607,512)
Excess of loss premiums				
- Local	(158,769)	(67,710)	(164,987)	(391,466)
- Foreign – Through local reinsurance broker	(635,078)	(270,840)	(574,853)	(1,480,771)
<b>Net premiums written</b>	<b>107,575,134</b>	<b>29,776,787</b>	<b>977,216</b>	<b>138,329,137</b>
Change in unearned premiums, net	(55,543,201)	(6,091,659)	1,044,055	(60,590,805)
<b>Net premiums earned</b>	<b>52,031,933</b>	<b>23,685,128</b>	<b>2,021,271</b>	<b>77,738,332</b>
Reinsurance commissions	-	-	1,241,293	1,241,293
Policy fees	22,145	-	51,132	73,277
Other underwriting income	87,310	58,923	1,357,066	1,503,299
<b><u>TOTAL REVENUES</u></b>	<b>52,141,388</b>	<b>23,744,051</b>	<b>4,670,762</b>	<b>80,556,201</b>
<b><u>UNDERWRITING COSTS</u></b>				
Gross claims paid	(42,911,021)	(15,689,472)	(1,380,234)	(59,980,727)
Reinsurers' share of claims paid	-	369,956	1,030,994	1,400,950
<b>Net claims paid</b>	<b>(42,911,021)</b>	<b>(15,319,516)</b>	<b>(349,240)</b>	<b>(58,579,777)</b>
Changes in outstanding claims, net	2,543,529	(11,136,546)	(225,048)	(8,818,065)
Changes in IBNR, net	(6,053,562)	(668,176)	600,621	(6,121,117)
<b>Net claims incurred</b>	<b>(46,421,054)</b>	<b>(27,124,238)</b>	<b>26,333</b>	<b>(73,518,959)</b>
Changes in premium deficiency reserves	(8,969,771)	(1,229,547)	-	(10,199,318)
Changes in other technical reserves	(437,071)	(994,255)	145,677	(1,285,649)
Policy acquisition costs	(1,561,577)	(2,104,231)	(824,036)	(4,489,844)
Inspection and supervision fees	(541,051)	(451,399)	(29,021)	(1,021,471)
Third party administrator fees	-	(1,331,710)	-	(1,331,710)
Other underwriting expenses	(8,560,164)	(211,570)	-	(8,771,734)
<b><u>TOTAL UNDERWRITING COSTS</u></b>	<b>(66,490,688)</b>	<b>(33,446,950)</b>	<b>(681,047)</b>	<b>(100,618,685)</b>
<b>NET UNDERWRITING SURPLUS/ (DEFICIT)</b>	<b>(14,349,300)</b>	<b>(9,702,899)</b>	<b>3,989,715</b>	<b>(20,062,484)</b>
Unallocated other operating expenses				(16,666,542)
Unallocated investment income and other income				2,168,356
<b>DEFICIT FROM INSURANCE OPERATIONS</b>				<b>(34,560,670)</b>



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**(UNAUDITED) (continued)**  
31 March 2022

**18 INSURANCE OPERATING SEGMENTS (continued)**

For the three month period ended 31 March 2021 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total SAR
<b><u>REVENUES</u></b>				
Gross written premiums	22,346,172	7,478,656	5,981,299	35,806,127
Reinsurance premiums ceded				
- Local	-	-	(437,711)	(437,711)
- Foreign – Direct	-	-	(415,301)	(415,301)
- Foreign – Through local reinsurance broker	-	-	(1,909,535)	(1,909,535)
Excess of loss premiums				
- Local	(162,396)	(64,932)	(112,082)	(339,410)
- Foreign – Through local reinsurance broker	(799,248)	(584,300)	(591,511)	(1,975,059)
Net premiums written	21,384,528	6,829,424	2,515,159	30,729,111
Change in unearned premiums, net	5,941,762	1,631,084	(262,304)	7,310,542
Net premiums earned	27,326,290	8,460,508	2,252,855	38,039,653
Reinsurance commissions	-	-	1,843,842	1,843,842
Policy fees and other underwriting income	78,268	57,000	280,360	415,628
<b><u>TOTAL REVENUES</u></b>	<b><u>27,404,558</u></b>	<b><u>8,517,508</u></b>	<b><u>4,377,057</u></b>	<b><u>40,299,123</u></b>
<b><u>UNDERWRITING COSTS</u></b>				
Gross claims paid	(28,522,050)	(7,612,422)	(1,061,990)	(37,196,462)
Reinsurers' share of claims paid	3,252,810	295,386	351,551	3,899,747
Net claims paid	(25,269,240)	(7,317,036)	(710,439)	(33,296,715)
Changes in outstanding claims, net	3,244,676	(32,863)	(60,697)	3,151,116
Changes in IBNR, net	1,978,942	96,038	(156,550)	1,918,430
Net claims incurred	(20,045,622)	(7,253,861)	(927,686)	(28,227,169)
Changes in premium deficiency reserves	(168,397)	(648,646)	(555,091)	(1,372,134)
Changes in other technical reserves	305,341	(358)	23,817	328,800
Policy acquisition costs	(1,141,776)	(796,820)	(469,119)	(2,407,715)
Inspection and supervision fees	(110,918)	(111,856)	(27,157)	(249,931)
Other underwriting expenses	(2,055,206)	(1,936,057)	-	(3,991,263)
<b><u>TOTAL UNDERWRITING COSTS</u></b>	<b><u>(23,216,578)</u></b>	<b><u>(10,747,598)</u></b>	<b><u>(1,955,236)</u></b>	<b><u>(35,919,412)</u></b>
<b>NET UNDERWRITING SURPLUS/ (DEFICIT)</b>	<b>4,187,980</b>	<b>(2,230,090)</b>	<b>2,421,821</b>	<b>4,379,711</b>
Unallocated other operating expenses				(13,870,001)
Unallocated investment income and other income				3,064,109
<b>DEFICIT FROM INSURANCE OPERATIONS</b>				<b><u>(6,426,181)</u></b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

(UNAUDITED) (continued)

31 March 2022

**18 INSURANCE OPERATING SEGMENTS (continued)**

As at 31 March 2022 (Unaudited)	Motor SAR	Medical SAR	Property & Casualty SAR	Total Insurance Operations SAR
<b>Assets</b>				
Reinsurers' share of unearned premiums	-	-	9,712,009	9,712,009
Reinsurers' share of outstanding claims	4,360,554	2,602,531	3,204,738	10,167,823
Reinsurers' share of claims incurred but not reported	1,618,726	468,087	2,301,101	4,387,914
Deferred policy acquisition costs	4,843,175	5,119,916	914,807	10,877,898
<b>Total Segment assets</b>	<b>10,822,455</b>	<b>8,190,534</b>	<b>16,132,655</b>	<b>35,145,644</b>
Unallocated assets				462,704,439
<b>Total insurance operations assets</b>				<b>497,850,083</b>

**LIABILITIES**

Unearned premiums	166,288,383	58,623,788	14,086,541	238,998,712
Unearned reinsurance commission	-	-	1,775,839	1,775,839
Outstanding claims	53,111,346	27,727,693	11,502,214	92,341,253
Claims incurred but not reported	25,095,297	4,987,062	3,235,057	33,317,416
Premium deficiency reserve	27,208,200	9,303,908	-	36,512,108
Other technical reserves	4,498,238	1,483,503	774,336	6,756,077
<b>Total Segment liabilities</b>	<b>276,201,464</b>	<b>102,125,954</b>	<b>31,373,987</b>	<b>409,701,405</b>
Unallocated liabilities				88,148,678
<b>Total insurance operations liabilities</b>				<b>497,850,083</b>

As at December 31, 2021	Motor	Medical	Property & Casualty	Total Insurance Operations
<b>ASSETS</b>				
Reinsurers' share of unearned premiums	-	-	12,536,185	12,536,185
Reinsurers' share of outstanding claims	4,447,478	1,253,075	4,661,599	10,362,152
Reinsurers' share of claims incurred but not reported	1,338,401	344,948	2,904,040	4,587,389
Deferred policy acquisition costs	2,941,576	4,608,776	1,090,338	8,640,690
<b>Total Segment assets</b>	<b>8,727,455</b>	<b>6,206,799</b>	<b>21,192,162</b>	<b>36,126,416</b>
Unallocated assets				410,236,361
<b>Total insurance operations assets</b>				<b>446,362,777</b>
<b>LIABILITIES</b>				
Unearned premiums	110,745,182	52,532,129	17,954,772	181,232,083
Unearned reinsurance commission	-	-	1,758,780	1,758,780
Outstanding claims	55,741,799	15,241,691	12,734,027	83,717,517
Claims incurred but not reported	18,761,410	4,195,747	4,438,617	27,395,774
Premium deficiency reserve	18,238,429	8,074,361	-	26,312,790
Other technical reserves	4,061,167	489,248	920,013	5,470,428
<b>Total Segment liabilities</b>	<b>207,547,987</b>	<b>80,533,176</b>	<b>37,806,209</b>	<b>325,887,372</b>
Unallocated liabilities				120,475,405
<b>Total insurance operations liabilities</b>				<b>446,362,777</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION**

**Interim Condensed Statement of Financial Position**

	As at 31 March 2022 (Unaudited)		
	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>			
Cash and cash equivalents	129,313,871	17,182,467	146,496,338
Time deposits	125,118,352	267,625,080	392,743,432
Premiums and reinsurers' receivable, net	61,385,326	-	61,385,326
Reinsurers' share of unearned premiums	9,712,009	-	9,712,009
Reinsurers' share of outstanding claims	10,167,823	-	10,167,823
Reinsurers' share of claims incurred but not reported	4,387,914	-	4,387,914
Deferred policy acquisition costs	10,877,898	-	10,877,898
Investments	59,693,555	152,749,159	212,442,714
Due from Shareholder operations	27,409,326	-	27,409,326
Prepaid expenses and other assets	52,994,387	5,672,056	58,666,443
Right-of-use assets	2,199,185	-	2,199,185
Property, equipment and intangible assets, net	4,590,437	-	4,590,437
Investment in associate	-	742,990	742,990
Statutory deposit	-	30,000,000	30,000,000
Statutory deposit investment returns	-	2,582,066	2,582,066
<b>TOTAL ASSETS</b>	<b>497,850,083</b>	<b>476,553,818</b>	<b>974,403,901</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables	36,565,120	-	36,565,120
Reinsurers' balances payable	10,694,317	-	10,694,317
Accrued expenses and other liabilities	31,002,949	2,638,083	33,641,032
Lease liabilities	2,177,847	-	2,177,847
Unearned premiums	238,998,712	-	238,998,712
Unearned reinsurance commission	1,775,839	-	1,775,839
Outstanding claims	92,341,253	-	92,341,253
Claims incurred but not reported	33,317,416	-	33,317,416
Premium deficiency reserve	36,512,108	-	36,512,108
Other technical reserves	6,756,077	-	6,756,077
Due to insurance operations	-	27,409,326	27,409,326
End-of-service benefits	11,834,727	-	11,834,727
Zakat payable	-	35,519,237	35,519,237
Statutory deposit investment returns	-	2,582,066	2,582,066
<b>TOTAL LIABILITIES</b>	<b>501,976,365</b>	<b>68,148,712</b>	<b>570,125,077</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus	-	-	-
Fair value reserve on available for sale investments	(3,056,944)	-	(3,056,944)
Accumulated actuarial loss on end-of-service benefits	(1,069,338)	-	(1,069,338)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>	<b>497,850,083</b>	<b>68,148,712</b>	<b>565,998,795</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	-	300,000,000	300,000,000
Statutory reserve	-	51,584,068	51,584,068
Retained earnings	-	48,751,972	48,751,972
Fair value reserve on available for sale investments	-	8,048,143	8,048,143
Foreign currency translation adjustments	-	20,923	20,923
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>408,405,106</b>	<b>408,405,106</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>497,850,083</b>	<b>476,553,818</b>	<b>974,403,901</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

Statement of Financial Position

As at 31 December 2021

	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>			
Cash and cash equivalents	171,654,855	66,232,040	237,886,895
Time deposits	125,118,352	208,624,271	333,742,623
Premiums and reinsurers' receivable, net	39,887,814	-	39,887,814
Reinsurers' share of unearned premiums	12,536,185	-	12,536,185
Reinsurers' share of outstanding claims	10,362,152	-	10,362,152
Reinsurers' share of claims incurred but not reported	4,587,389	-	4,587,389
Deferred policy acquisition costs	8,640,690	-	8,640,690
Investments	25,044,590	131,635,558	156,680,148
Due from insurance operations	-	36,576,338	36,576,338
Prepaid expenses and other assets	38,699,770	4,146,615	42,846,385
Right-of-use assets	5,701,429	-	5,701,429
Property, equipment and intangible assets, net	4,129,551	-	4,129,551
Investment in associate	-	597,960	597,960
Statutory deposit	-	30,000,000	30,000,000
Statutory deposit investment returns	-	2,353,079	2,353,079
<b>TOTAL ASSETS</b>	<b>446,362,777</b>	<b>480,165,861</b>	<b>926,528,638</b>
<b>LIABILITIES</b>			
Policyholders and accounts payables	39,815,353	-	39,815,353
Reinsurers' balances payable	10,408,950	-	10,408,950
Accrued expenses and other liabilities	20,920,062	2,550,351	23,470,413
Lease liabilities	5,196,480	-	5,196,480
Unearned premiums	181,232,083	-	181,232,083
Unearned reinsurance commission	1,758,780	-	1,758,780
Outstanding claims	83,717,517	-	83,717,517
Claims incurred but not reported	27,395,774	-	27,395,774
Premium deficiency reserve	26,312,790	-	26,312,790
Other technical reserves	5,470,428	-	5,470,428
Due to shareholders' operations	36,576,338	-	36,576,338
End-of-service benefits	12,311,821	-	12,311,821
Zakat payable	-	32,841,217	32,841,217
Statutory deposit investment returns	-	2,353,079	2,353,079
<b>TOTAL LIABILITIES</b>	<b>451,116,376</b>	<b>37,744,647</b>	<b>488,861,023</b>
<b>INSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus	-	-	-
Fair value reserve on available for sale investments	(3,705,910)	-	(3,705,910)
Foreign currency translation adjustments	21,649	-	21,649
Accumulated actuarial loss on end-of-service benefits	(1,069,338)	-	(1,069,338)
<b>TOTAL LIABILITIES &amp; INSURANCE OPERATIONS' SURPLUS</b>	<b>446,362,777</b>	<b>37,744,647</b>	<b>484,107,424</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	-	300,000,000	300,000,000
Statutory reserve	-	51,584,068	51,584,068
Retained earnings	-	83,268,715	83,268,715
Foreign currency translation adjustments	-	159,784	159,784
Fair value reserve on available for sale investments	-	7,408,647	7,408,647
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>442,421,214</b>	<b>442,421,214</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>446,362,777</b>	<b>480,165,861</b>	<b>926,528,638</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (Continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

<b>Interim Condensed Statement of Income</b>	<b>For the three month period ended 31 March 2022</b>		
	<b>(Unaudited)</b>		
	<b>Insurance Operations SAR</b>	<b>Shareholders' Operations SAR</b>	<b>Total SAR</b>
<b><u>REVENUES</u></b>			
Gross written premiums	145,179,289	-	145,179,289
Reinsurance premiums ceded	(4,977,915)	-	(4,977,915)
Excess of loss premiums	(1,872,237)	-	(1,872,237)
<b>Net premiums written</b>	<b>138,329,137</b>	<b>-</b>	<b>138,329,137</b>
Changes in unearned premiums, net	(60,590,805)	-	(60,590,805)
<b>Net premiums earned</b>	<b>77,738,332</b>	<b>-</b>	<b>77,738,332</b>
Reinsurance commissions	1,241,293	-	1,241,293
Policy fees	73,277	-	73,277
Other underwriting income	1,503,299	-	1,503,299
<b><u>TOTAL REVENUES</u></b>	<b>80,556,201</b>	<b>-</b>	<b>80,556,201</b>
<b><u>UNDERWRITING COSTS</u></b>			
Gross claims paid	(59,980,727)	-	(59,980,727)
Reinsurers' share of claims paid	1,400,950	-	1,400,950
<b>Net claims paid</b>	<b>(58,579,777)</b>	<b>-</b>	<b>(58,579,777)</b>
Changes in outstanding claims, net	(8,818,065)	-	(8,818,065)
Changes in claims incurred but not reported, net	(6,121,117)	-	(6,121,117)
<b>Net claims incurred</b>	<b>(73,518,959)</b>	<b>-</b>	<b>(73,518,959)</b>
Changes in premium deficiency reserves	(10,199,318)	-	(10,199,318)
Changes in other technical reserves	(1,285,649)	-	(1,285,649)
Policy acquisition costs	(4,489,844)	-	(4,489,844)
Inspection and supervision fees	(1,021,471)	-	(1,021,471)
Third party administrator fees	(1,331,710)	-	(1,331,710)
Other underwriting expenses	(8,771,734)	-	(8,771,734)
<b><u>TOTAL UNDERWRITING COSTS</u></b>	<b>(100,618,685)</b>	<b>-</b>	<b>(100,618,685)</b>
<b>NET UNDERWRITING DEFICIT</b>	<b>(20,062,484)</b>	<b>-</b>	<b>(20,062,484)</b>
<b><u>OTHER OPERATING (EXPENSES)/INCOME</u></b>			
Reversal of doubtful debts provision	(1,533,784)	-	(1,533,784)
General and administrative expenses	(15,132,758)	(746,256)	(15,879,014)
Commission income on deposits and investments	2,169,439	3,323,173	5,492,612
Dividend income	-	-	-
Realized gain on investments	-	-	-
Impairment of available for sale investments	-	-	-
Share of loss of associate	-	145,030	145,030
Other income/(expense)	(1,083)	-	(1,083)
<b><u>TOTAL OTHER OPERATING EXPENSES/INCOME</u></b>	<b>(14,498,186)</b>	<b>2,721,947</b>	<b>(11,776,239)</b>
<b>Total loss before surplus attribution and zakat</b>	<b>(34,560,670)</b>	<b>2,721,947</b>	<b>(31,838,723)</b>
<b>Deficit attributable to shareholders</b>	<b>34,560,670</b>	<b>(34,560,670)</b>	<b>-</b>
<b>Net loss before zakat</b>	<b>-</b>	<b>(31,838,723)</b>	<b>(31,838,723)</b>
<b>Zakat charge</b>	<b>-</b>	<b>(2,678,019)</b>	<b>(2,678,019)</b>
<b>Net loss after zakat</b>	<b>-</b>	<b>(34,516,742)</b>	<b>(34,516,742)</b>

**BURUJ COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (Continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Income

For the three month period ended 31 March 2021  
(Unaudited)

	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR
<b>REVENUES</b>			
Gross written premiums	35,806,127	-	35,806,127
Reinsurance premiums ceded	(2,762,547)	-	(2,762,547)
Excess of loss premiums	(2,314,469)	-	(2,314,469)
Net premiums written	30,729,111	-	30,729,111
Changes in unearned premiums, net	7,310,542	-	7,310,542
Net premiums earned	38,039,653	-	38,039,653
Reinsurance commissions	1,843,842	-	1,843,842
Policy fees and other underwriting income	415,628	-	415,628
<b>TOTAL REVENUES</b>	<b>40,299,123</b>	<b>-</b>	<b>40,299,123</b>
<b>UNDERWRITING COSTS</b>			
Gross claims paid	(37,196,462)	-	(37,196,462)
Reinsurers' share of claims paid	3,899,747	-	3,899,747
Net claims paid	(33,296,715)	-	(33,296,715)
Changes in outstanding claims, net	3,151,116	-	3,151,116
Changes in claims incurred but not reported, net	1,918,430	-	1,918,430
Net claims incurred	(28,227,169)	-	(28,227,169)
Changes in premium deficiency reserves	(1,372,134)	-	(1,372,134)
Changes in other technical reserves	328,800	-	328,800
Policy acquisition costs	(2,407,715)	-	(2,407,715)
Inspection and supervision fees	(249,931)	-	(249,931)
Other underwriting expenses	(3,991,263)	-	(3,991,263)
<b>TOTAL UNDERWRITING COSTS</b>	<b>(35,919,412)</b>	<b>-</b>	<b>(35,919,412)</b>
<b>NET UNDERWRITING DEFICIT</b>	<b>4,379,711</b>	<b>-</b>	<b>4,379,711</b>
<b>OTHER OPERATING (EXPENSES)/INCOME</b>			
Reversal of doubtful debts provision	1,414,392	-	1,414,392
General and administrative expenses	(15,284,393)	(823,219)	(16,107,612)
Commission income on deposits and investments	951,792	1,182,165	2,133,957
Dividend income	200,459	1,646,537	1,846,996
Realized gain on investments	1,848,713	(66,710)	1,782,003
Impairment of available for sale investments	-	(1,218,783)	(1,218,783)
Share of loss of associate	-	(89,161)	(89,161)
Other income/(expense)	63,145	(50,714)	12,431
<b>TOTAL OTHER OPERATING EXPENSES/INCOME</b>	<b>(10,805,892)</b>	<b>580,115</b>	<b>(10,225,777)</b>
Total loss before surplus attribution and zakat	(6,426,181)	580,115	(5,846,066)
Deficit attributable to shareholders	6,426,181	(6,426,181)	-
Net loss before zakat	-	(5,846,066)	(5,846,066)
Zakat charge	-	(2,564,535)	(2,564,535)
Net loss after zakat	-	(8,410,601)	(8,410,601)



**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Comprehensive Income	For the three month period ended 31 March 2022 (Unaudited)		
	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR
Net loss for the period	-	(34,516,743)	(34,516,743)
Other comprehensive loss			
<i>Items that will be reclassified to statements of income in subsequent periods</i>			
Available for sale investments:			
- Net realized gain transferred to statement of income	648,966	639,496	1,288,462
- Net change in fair value	(21,649)	(138,861)	(160,510)
Change in Foreign currency translation	627,317	500,635	1,127,952
Total comprehensive loss for the period	627,317	(34,016,108)	(33,388,791)

Interim Condensed Statement of Comprehensive Income	For the three month period ended 31 March 2021 (Unaudited)		
	Insurance Operations SAR	Shareholders' Operations SAR	Total SAR
Net loss for the period	-	(8,410,601)	(8,410,601)
Other comprehensive loss			
<i>Items that will be reclassified to statements of income in subsequent periods</i>			
Available for sale investments:			
- Net realized gain transferred to statement of income	(1,848,713)	66,710	(1,782,003)
- Net change in fair value	3,148,744	4,044,455	7,193,199
Change in Foreign currency translation	-	16,238	16,238
	1,300,031	4,127,403	5,427,434
Total comprehensive loss for the period	1,300,031	(4,283,198)	(2,983,167)

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) (Continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

**Interim Condensed Statement of Cash Flows**

**For the three month period ended 31 March 2022**  
**(Unaudited)**

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before zakat	-	(31,838,723)	(31,838,723)
Deficit attributable to the shareholders	(34,560,670)	34,560,670	-
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	404,701	-	404,701
Loss on disposal of property and equipment	1,083	-	1,083
Doubtful debts provision	1,533,784	-	1,533,784
Right-of-use depreciation	365,190	-	365,190
Interest expense on lease liability	14,679	-	14,679
Share of loss of associate	-	(145,030)	(145,030)
Provision for end-of-service indemnities	298,896	-	298,896
Realized gain from investments	-	-	-
Loss On Disposal Right Use of assets	3,137,054	-	3,137,054
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(23,031,297)	-	(23,031,297)
Reinsurers' share of unearned premiums	2,824,176	-	2,824,176
Reinsurers' share of outstanding claims	194,329	-	194,329
Reinsurers' share of claims incurred but not reported	199,475	-	199,475
Deferred policy acquisition costs	(2,237,208)	-	(2,237,208)
Deferred excess of loss premiums	(5,616,711)	-	(5,616,711)
Prepaid expenses and other assets	(8,677,906)	(1,525,441)	(10,203,347)
Policyholders and accounts payables	(3,250,233)	-	(3,250,233)
Reinsurers' balances payable	285,367	-	285,367
Accrued expenses and other liabilities	10,082,887	87,732	10,170,619
Unearned premiums	57,766,629	-	57,766,629
Unearned reinsurance commission	17,059	-	17,059
Outstanding claims	8,623,736	-	8,623,736
Claims incurred but not reported	5,921,642	-	5,921,642
Premium deficiency reserve	10,199,318	-	10,199,318
Other technical reserves	1,285,649	-	1,285,649
	25,781,629	1,139,208	26,920,837
End-of-service indemnities paid	(775,990)	-	(775,990)
<b>Net cash (used in)/generated from operating activities</b>	<b>25,005,639</b>	<b>1,139,208</b>	<b>26,144,847</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Additions)/disposals in time deposits	-	(59,000,809)	(59,000,809)
Additions in investments	(34,021,648)	(24,140,470)	(58,162,118)
Proceeds from available for sale investments	-	3,527,503	3,527,503
Additions/disposals in property and equipment	(879,703)	-	(879,703)
Proceeds from disposal of property and equipment	13,034	-	13,034
<b>Net cash generated from/(used in) investing activities</b>	<b>(34,888,317)</b>	<b>(79,613,776)</b>	<b>(114,502,093)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities	(3,033,312)	-	(3,033,312)
Due to shareholders' operations	(29,424,995)	29,424,995	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(32,458,307)</b>	<b>29,424,995</b>	<b>(3,033,312)</b>
Net change in cash and cash equivalents	(42,340,984)	(49,049,573)	(91,390,558)
Cash and cash equivalents, beginning of the period	171,654,855	66,232,040	237,886,895
<b>Cash and cash equivalents, end of the period</b>	<b>129,313,871</b>	<b>17,182,467</b>	<b>146,496,337</b>
<b>Non-cash transactions:</b>			
Change in fair value of available for sale investments	648,966	639,496	1,288,462
Foreign currency translation adjustments	(21,649)	(138,861)	(160,510)

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (Continued)**

31 March 2022

**19 SUPPLEMENTARY INFORMATION (continued)**

Interim Condensed Statement of Cash Flows

For the three month period ended 31 March 2021 (Unaudited)

	Insurance operations	Shareholders' operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before zakat	-	(5,846,066)	(5,846,066)
Deficit attributable to the shareholders	(6,426,181)	6,426,181	-
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	369,747	-	369,747
Loss on disposal of property and equipment	474	-	474
Reversal of doubtful debts provision	(1,414,392)	-	(1,414,392)
Right-of-use depreciation	416,376	-	416,376
Interest expense on lease liability	15,313	-	15,313
Share of loss of associate	-	89,161	89,161
Provision for end-of-service indemnities	(77,931)	-	(77,931)
Realized gain from investments	(1,848,713)	66,710	(1,782,003)
Impairment of available for sale investments	-	1,218,783	1,218,783
<i>Changes in operating assets and liabilities:</i>			
Premiums and reinsurers' receivable	(11,944,997)	-	(11,944,997)
Reinsurers' share of unearned premiums	3,538,167	-	3,538,167
Reinsurers' share of outstanding claims	1,986,412	-	1,986,412
Reinsurers' share of claims incurred but not reported	841,552	-	841,552
Deferred policy acquisition costs	(670,720)	-	(670,720)
Deferred excess of loss premiums	(4,919,406)	-	(4,919,406)
Prepaid expenses and other assets	(7,920,653)	189,530	(7,731,123)
Policyholders and accounts payables	4,394,859	-	4,394,859
Reinsurers' balances payable	(5,260,474)	-	(5,260,474)
Accrued expenses and other liabilities	12,019,475	(16,820)	12,002,655
Unearned premiums	(10,848,709)	-	(10,848,709)
Unearned reinsurance commission	(170,396)	-	(170,396)
Outstanding claims	(5,137,528)	-	(5,137,528)
Claims incurred but not reported	(2,759,982)	-	(2,759,982)
Premium deficiency reserve	1,372,134	-	1,372,134
Other technical reserves	(328,800)	-	(328,800)
	(34,774,373)	2,127,479	(32,646,894)
End-of-service indemnities paid	(2,163,186)	-	(2,163,186)
Net cash (used in)/generated from operating activities	(36,937,559)	2,127,479	(34,810,080)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposals in time deposits	97,694,562	(36,000,880)	61,693,682
Additions in investments	(26,172,939)	(7,496,793)	(33,669,732)
Proceeds from available for sale investments	26,125,337	1,046,669	27,172,006
Additions/disposals in property and equipment	(83,223)	-	(83,223)
Proceeds from disposal of property and equipment	110,186	-	110,186
Net cash generated from/(used in) investing activities	97,673,923	(42,451,004)	55,222,919
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities	(670,142)	-	(670,142)
Due to shareholders' operations	(15,857,612)	15,857,612	-
Net cash generated from/(used in) financing activities	(16,527,754)	15,857,612	(670,142)
Net change in cash and cash equivalents	44,208,610	(24,465,913)	19,742,697
Cash and cash equivalents, beginning of the period	86,742,417	45,149,516	131,891,933
Cash and cash equivalents, end of the period	130,951,027	20,683,603	151,634,630
<i>Non-cash transactions:</i>			
Change in fair value of available for sale investments	1,300,030	4,111,165	5,411,195
Foreign currency translation adjustments	-	16,238	16,238

**BURUJ COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**(UNAUDITED) (Continued)**

31 March 2022

**20 SUBSEQUENT EVENT**

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “Decree”) dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters relating to the insurance sector, the Decree instructs all the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Decree and allowing insurance companies not to cancel the policy in the event the insured fails to pay the premiums. The management believes that such requirements of the Decree are a non-adjusting event and therefore the interim condensed financial information has not been adjusted.

**21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 16 May 2022 corresponding to 15 Shawwal 1443H.